

June 24, 2022

Mr. Kevin Schlemmer

Mr. Scott Faulk

Office of Aviation Analysis
US Department of Transportation
1200 New Jersey Ave SE
Washington, DC 20590

Re: Paducah Essential Air Service DOT-OST-2009-0299 and Order 2022-3-8

Dear Mr. Schlemmer and Mr. Faulk,

This letter constitutes the official comments of the Barkley Regional Airport Authority (BRAA), the owner and operator of Barkley Regional Airport (PAH).

Background

On March 10, 2022, SkyWest Airlines, Inc., the current carrier at PAH, filed its notice to terminate essential air service. The following day, March 11, 2022, the Department of Transportation (DOT) prohibited the termination of service and requested proposals.

In response to that request, PAH received proposals from Boutique Air, Contour Airlines, and Southern Airways Express (SAE) to provide Essential Air Service for the Paducah community. Ever since these bids were received on May 11, 2022, the BRAA Board and the community have been studying the proposals closely and conducted a survey to understand the perspective of the broader community. Our recommendation to the Department is based on our thorough analysis and consideration of each proposal.

Summary of Proposals

Boutique Air proposed 30 roundtrip flights each week from Paducah to Nashville, TN, on 9-seat Pilatus PC-12 aircraft. These flights would operate under both a United Airlines (UAL) codeshare and an American Airlines (AA) interline agreement. Boutique's bid relied on a load factor of 99% assuming zero cancellations or operational disruptions.

Contour Airlines proposed 12 roundtrip flights each week from Paducah to Charlotte, NC, on a 30-seat Embraer regional jet operated under 14CFR Part 380 public charter rules. Contour proposed flights would operate with an interline agreement with AA at their hub in Charlotte.

Southern Airways Express (SAE) proposed two distinct options. **Option A** was 36 roundtrip flights each week to St. Louis, MO or Nashville, TN, with 9-seat Cessna 208 aircraft. **Option B** was 24 roundtrip flights each week to St. Louis, MO or Nashville, TN with 9-seat Cessna 208 aircraft and an additional 12 roundtrip flights each week to Chicago O'Hare with 9-seat Pilatus PC-12 aircraft. All flights would benefit from SAE's interline agreements with AA, Alaska, and UAL.

While the incumbent carrier at PAH, SkyWest Airlines, did not submit a formal bid, the BRAA Board did consider the option of remaining with SkyWest. SkyWest communicated its intent to transition its PAH service to a 14 CFR Part 380 public charter operation under an FAA Part 135 license and 30-seat regional jets. BRAA relied upon several meetings with SkyWest and SkyWest's application with the DOT for a Commuter Air Carrier Authorization to inform our analysis of the SkyWest option.

Analysis of Air Service Proposals

The BRAA Board appreciated the proposals from all carriers and the discussions and partnership with SkyWest Airlines. We are grateful to each airline for their interest and dedication to PAH.

The Boutique Air proposal relies on an unrealistic 99% load factor assuming nine passenger seats in the PC-12. However, as Boutique has proposed, the Pilatus PC-12 features only eight-passenger seats when flown with two pilots. This would make their load factor an impossible 111%. Furthermore, the community does not wish to waive our rights to twin-engine service as provided under the Basic Essential Air Service definition in 49 USC 41732. Therefore, we dismiss the Boutique Air proposal.

While the Southern Airways Express (SAE) proposal is similar to that of Boutique Air, we find the SAE proposal to rely on more realistic financial and passenger assumptions. We also greatly appreciate the fact that SAE responded to the community's desire to continue service to a large hub with their Option B retaining service to Chicago O'Hare. However, the community does not wish to waive our rights to twin-engine service as provided under the Basic Essential Air Service definition in 49 USC 41732. Therefore, we also dismiss the SAE proposal.

The Contour Airlines proposal provides twin-engine regional jet service to a large hub airport, both factors which are highly important to the community and the airport. Further, Contour's relationship with AA is critical to choosing Charlotte as a destination airport since AA's hub offers substantial domestic and international connections. We also highly value Contour's focus on reliability, including basing a mechanic at PAH, the availability of a daily standby aircraft based in Smyrna, Tenn, and an aircraft dedicated to the PAH/CLT route will lead to better customer service.

Finally, while there is no formal SkyWest proposal to evaluate, we did consider their plans to introduce a 30-seat public charter service. We believe this service may provide a strong

option for communities like PAH in the future, but the short-term schedule reductions, reliability challenges, and flights tagging PAH with other communities are a significant impediment to our community. Since there is no proposal to recommend or dismiss, we simply thank SkyWest for their partnership with PAH over the past decade. We hope that they will consider serving PAH again in the future as their public charter service reaches maturity and the current staffing challenges relax.

Recommendation

Based on this analysis, the BRAA Board recommends to the DOT that Contour Airlines be designated PAH's new Essential Air Service Carrier and that a DOT order to that effect be issued as quickly as possible. We ask for expedience so that Contour can begin service as soon as possible and minimize the transition period for our customers. As part of our recommendation, we also request that the DOT issue the order for three years. Contour's proposal had a four-year term, but we believe that so much is likely to change in the industry over that time that a three-year period would be better suited to the current environment.

Additionally, we recognize that Contour's public charter operation does not meet the definition of Basic Essential Air Service in 49 USC 41732. Therefore, we request that the Secretary provide a limited-time waiver of the requirement contained in 49 USC 47132(a) for scheduled air transportation for the three-year duration of this EAS contract.

Last, we appreciate that Contour's public charter operation receiving an award as a conventional EAS carrier has not been standard procedure to date. We understand the Department's willingness to consider this option and request the Department quickly review and approve our recommendation and waiver and issue the appropriate order. However, since getting Contour's service started quickly is essential to the Paducah community, if a waiver can not be granted in a timely manner, we will maintain our recommendation for Contour but will pivot to the Alternative Essential Air Service grant application process and have the application before the DOT next month.

The entire BRAA Board and staff are highly appreciative of the Department for your assistance throughout this process and for providing us the opportunity to comment on these proposals. We again thank all carriers for their interest in Paducah and for providing critical airline service to the Barkley Regional Airport.

Sincerely,

Jackie M. "Jay" Matheny, Jr.

Board Chair

Signature: Jackie M. "Jay" Matheny, Jr.
Jackie M. "Jay" Matheny, Jr. (Jun 24, 2022 16:33 CDT)

Email: jmatheny@dentonfirm.com

Letter to DOT 06242022

Final Audit Report


2022-06-24

Created:	2022-06-24
By:	Dennis Rouleau (dennis@flybarkley.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAvR6ebmZON3XHwOWedqYxg3M7q49lbav6


"Letter to DOT 06242022" History

 Document created by Dennis Rouleau (dennis@flybarkley.com)


2022-06-24 - 6:39:50 PM GMT- IP address: 69.180.192.59

 Document emailed to jmatheny@dentonfirm.com for signature

2022-06-24 - 6:40:37 PM GMT

 Email viewed by jmatheny@dentonfirm.com

2022-06-24 - 9:32:51 PM GMT- IP address: 104.47.56.126

 Document e-signed by Jackie M. "Jay" Matheny, Jr. (jmatheny@dentonfirm.com)

Signature Date: 2022-06-24 - 9:33:55 PM GMT - Time Source: server- IP address: 206.81.170.215

 Agreement completed.

2022-06-24 - 9:33:55 PM GMT